

Form 2
Study
S E C R E T

16 JAN 1974

MEMORANDUM FOR : Deputy Director for Management and Services
SUBJECT : Report on Agency Dispersion Problems and Inefficiencies
REFERENCE : Objective No. 8, as included in Part II of Memo dtd 30 Mar 73 to DDM&S fr D/L, Subj: FY74 Program Execution Plan and FY75 Program Estimate Submission

The attached report is submitted in accordance with referent objective. It provides an analysis of factual information, identifies significant management problems, and delineates substantial inefficiencies in terms of non-productive use of manpower and funds resources.

/s/ Francis J. Van Damm

Francis J. Van Damm
Director of Logistics

Att.

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Report on Agency Dispersion
Problems and Inefficiencies in the
Metropolitan Washington Area (MWA)

1. SCOPE

This report is concerned with the fifteen Government-owned and rented buildings identified in the October 1973 Computer Run on Agency Metropolitan Space (CRAMS) as being outside of the Headquarters Building complex and utilized for Agency activities. Exclusions from this report are as follows:

a. Locations which, for reasons of sensitivity, cover, and security, are excluded from the CRAMS system of space management.

b. NPIC, [REDACTED]

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c. [REDACTED]

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These locations are not included since separate dispersed locations will continue to be required for certain sensitive functions, distinctive NPIC activities, and specialized depot-type operations.

2. BACKGROUND

a. Throughout its lifespan, the Agency has been coping in one way or another with the dispersion of its Headquarters elements and personnel resources. The related problems and inefficiencies were recognized as early as 1947 when the Agency was housed in ten locations and a single-occupancy building was sought from the Commissioner of the Public Buildings Service. Records indicate that former DCI's Vandenberg, Hillenkoeter, Smith, and Dulles as well as their deputies and staffs all devoted considerable attention to this situation and to possible solutions for consolidation in one location.

b. Despite those efforts, separate Agency locations had proliferated to a total of 37 by 1953. Ten years later after occupancy of the Headquarters building was completed, Agency activities continued to be dispersed in thirteen other separate locations.

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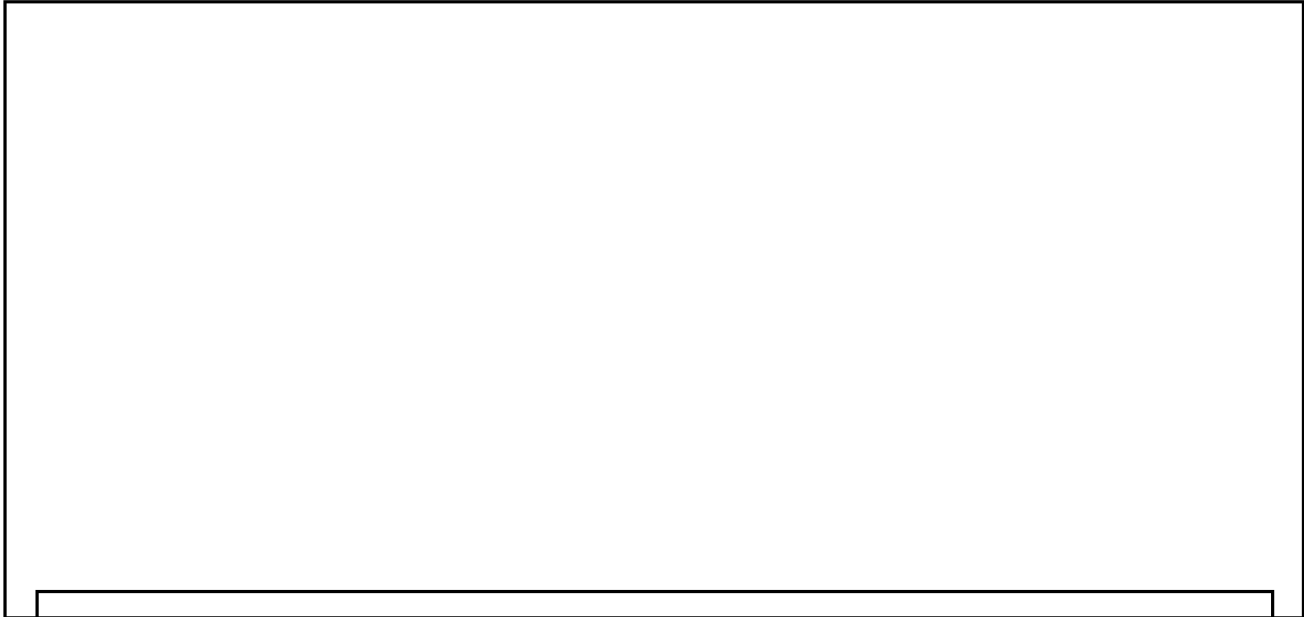
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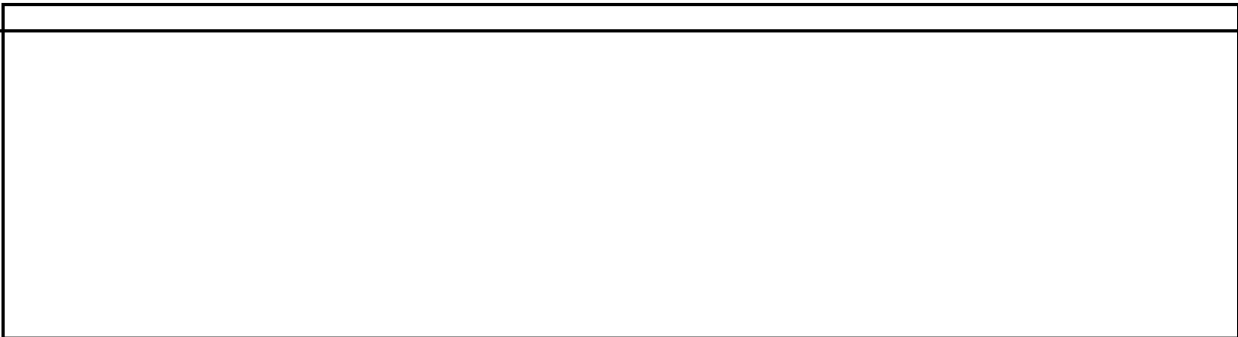
c. At present, there are eighteen dispersed separate locations identified and managed under the CRAMS system. As noted, fifteen of these are included in this latest review and are discussed in this report.

3. FACTS BEARING ON THE PROBLEMS AND INEFFICIENCIES

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4. DISCUSSION

a. The physical dispersion of a centrally directed Headquarters organizational structure is a multiple burden in terms of problems and inefficiencies. To improve efficiency in the face of dispersal, Agency management has adopted a series of systems and resources for providing dispersed space and maintenance, security control, communications, transport, and other support services. These services are susceptible, however, to their own unique problems and inefficiencies. As a result, their continuation

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over a period of time requires constant management attention to ensure that the services are providing effective and economical solutions to the problems which brought about their original adoption. Some of the services discussed in the following paragraphs are examples of management achievement despite dispersed conditions, while others will obviously require additional management effort.

b. Resource requirements directly attributable to dispersal at the fifteen locations amount to \$6.7 million annually and 112 man-years. In addition, time lost in intra-Agency travel among the dispersed and Headquarters location amounts to over \$900,000 annually and 51 man-years. The following elements are involved:

	<u>Funds</u>	<u>Man-Years</u>
Standard Level User Charges (SLUC)	\$4,322,382	
Guard and Receptionist Service	1,347,111	94.0
Communications Systems	640,289	
Shuttle Bus Service ¹	99,468	6.9
Motor Pool Service ¹	93,111	5.4
"U-Drive" Agency Vehicle Service ¹	3,215	
Reimbursable Use of POV's and Taxis ¹	121,563	
Courier Service	57,475	5.3
Supply Deliveries	13,097	.8
Resource Requirements	\$6,697,711	112.4
¹ Time Lost in Dispersed-Location Travel	930,000	51.4
TOTALS	\$7,627,711	163.8

These totals represent an absorption of Agency resources attributable to dispersion at a ratio of location.

c. The following factors were reviewed with regard to dispersal resource requirements and their commitment:

(1). SLUC

Beginning 1 July 1974, the Agency will be required to reimburse GSA at a standard-charge rate established for each dispersed location. These charges will include

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leasing costs, GSA maintenance and overhead, and amortization contributions toward eventual replacement of leased property with Government-owned buildings. The charge for each dispersed location is shown in a new funding requirement for this Agency. It does not reflect an addition to the total cost of Government, but a transfer of funds resources responsibility to this Agency, in lieu of GSA for real property used by this Agency. Previously, GSA assumed the cost of commercially leased property as soon as such cost could be programmed in the GSA budget, usually not more than two years after the lease was consummated. The Agency has sought exemption from SLUC for the Headquarters and NPIC buildings. These locations are outside the scope of this review, however, and the eventual outcome of the exemption request will have no effect on the charges cited in this report.

(2). Guard and Receptionist Service

Guard service is provided for dispersed locations by GSA on a reimbursable basis. The cost of this service, however, is not included in SLUC and amounts to an additional \$1.3 million for the 88 guards provided at the fifteen dispersed locations (Attachment 5). Guard service will continue to be required at this level to provide the degree of security necessary for the Agency, as long as the present dispersion continues. Total dispersed-location guard service costs can be expected to fluctuate in direct proportion to future general wage increases (or decreases). Some replacement for the present dispersed guard force is a future possibility through the development and use of technological security measures. The projected scope, relative efficiency, and comparable cost of such measures were not included in this general review since this is a field of specialized technical study, research, and development. Six of the fifteen dispersed locations have Building Receptionists assigned as a supplementary security measure at a total cost of less than \$50,000.

(3). Communications Systems

Communications systems devoted to the fifteen dispersed locations consist of Black Line and Non-Published Telephone Service, KY-3 Secure Voice,

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Data Lines, TWX, and TTY at a cost of \$640,000 annually, with Black Line and Non-Published Service contributing to the major portion or \$475,000 of this cost (Attachment 6). Funds required for these systems reflect recurring commercial charges under approved traffic rates. The prevailing trend is to periodically increase the rates. This is a matter of arbitration, however, between the commercial utilities and the rate-governing bodies of Virginia and the District of Columbia, and the percentage of future increase cannot be forecast with accuracy.

(4). Shuttle Bus Service

Shuttle Bus Service is provided to eight of the fifteen dispersed Agency locations (Attachment 1). More than 109,000 passengers were transported between the dispersed and Headquarters locations during FY 1973, and passenger loads are presently at this same level. The majority of passengers are transported between the Rosslyn and Headquarters locations at a rate of 75,000 annually. Between the Chamber of Commerce and Headquarters locations, the annual passenger flow is 26,000. The average transport cost per passenger is .91 cents based on total Shuttle Service costs. The transport cost of the 109,000 passengers in transit annually to dispersed Agency locations amounts to over \$99,000 (Attachment 7). The Agency Service was recently revised to partially integrate with, and to take full advantage of, the Defense and State bus systems. Action is also being taken to commercially contract for the present Agency bus service, and bid proposals have been requested by 15 January 1974. \$225,000 was programmed during FY 1974 for this purpose. It is estimated that actual contract costs may approximate the \$160,000 cost level of the present Agency-operated service.

(5). Motor Pool Service

The chauffeured Motor Pool Service does not transport a sufficient number of passengers to be economically efficient. The cost of this service attributable to dispersed-locations totals \$93,000 annually with only 4,000 passengers transported during the same period.*

*Historical references state that over 53,000 passengers were transported annually by the Motor Pool prior to construction of the Headquarters building.

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As a result, costs average \$1.44 per mile and almost \$23 per passenger transported on the average trip of 16 miles (Attachment 8). This compares unfavorably with the Shuttle Bus Service which transports 109,000 dispersed-location passengers annually at a total cost of \$99,000 or .91 cents average cost per passenger. Another problem bears heavily on the overall effectiveness of the Motor Pool Service in that 78 percent of the passengers are transported between locations also served by the Agency Shuttle Bus Service.

(6). U-Drive Agency Vehicle Service

This service is not used extensively for dispersed-location travel. The service remains efficient, however, in terms of average cost per mile (.11 cents), and the average 31-mile round trip (\$3.41). These favorable cost factors exist primarily because chauffeur resources are not required. Total cost of this service attributable to dispersed locations is \$3,200 annually. The service is being utilized at the rate of 940 trips per year in dispersed-location travel (Attachment 9). The number of passengers is estimated to be only fractionally more than one per trip.

(7). Reimbursable Use of Privately Owned Vehicles and Taxis

Aside from the Shuttle Bus Service, the use of POV's has been the most popular form of dispersed-location travel. A continuing gasoline shortage and price rise may curtail the attraction to this mode of travel in the future. Unfortunately, performance data is not accumulated centrally on this mode of travel and it was evaluated on the base of a Logistics sampling of reimbursements (Attachment 10). Maximum costs per mile, however, are firmly established by regulation at .12 cents. Provided that POV mileage reimbursement will be stringently controlled to necessary official purposes, and will not be normally used between locations served by the Shuttle Bus System, this represents an economical as well as a convenient and flexible mode of dispersed-location travel. It is estimated that POV's are being used for dispersed-location travel at the rate of 62,500 trips and 1 million miles per year, with reimbursement totalling \$120,000. A record of passengers is not

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maintained, but they are estimated to be only fractionally more than one per trip. The reimbursement sampling indicated that taxis are utilized infrequently, and that trips total about 600 annually at a cost of \$1,500.

(8). Courier Service

25X1 Couriers are employed by several Agency components as well as the Office of Logistics to fulfill world-wide, [] and interagency needs for their services. Courier service requirements attributable to Headquarters dispersion are estimated to comprise 5.3 man-years, and \$57,000 in funds for salaries and vehicle operating expenses (Attachment 11).

(9). Supply Deliveries

Supplies delivered to or picked up from dispersed-locations consist of the full range of administrative items and equipment necessary for the efficient functioning of Agency offices. Other than classified trash, the majority of the material transported is unclassified, and consideration is being given to obtaining this service under commercial contract. Resources required for deliveries to dispersed-locations amount to .8 man-years and \$13,000 annually, of which \$8,700 is for truck driver wages and the remainder for vehicle costs (Attachment 12).

(10). Loss of Time

Resources absorbed through time lost by employees engaged in travel between the dispersed Headquarters locations is estimated to total \$930,000 and 51 man-years (Attachment 13). Funds resources absorbed through this loss amount to almost three times the \$317,000 total funds required to provide the various forms of interlocation travel (Attachments 7, 8, 9, and 10). The greatest time loss, \$604,000 and 35 man-years results from shuttle bus travel since it is used predominantly.

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(11). Employee Parking Cost Problem

The fact that some employees at dispersed locations must pay for parking their POV's has been a matter of detailed study, both recently and during the past several years. This is of direct interest to the employees affected, and of management interest from the standpoint that it is an inequity and has a bearing on employee morale. The employee parking cost problem, however, does not represent a dispersion inefficiency in terms of requiring a continuing non-productive commitment of Agency resources. Further analysis of the previous study results was, therefore, not conducted as part of this review.

(12). Office Moves

The relocation of offices, including reconfiguration and remodeling of space and moving partitions and office equipment is not considered directly attributable to dispersion. Such repositioning effort is carried out on a continuing basis in all locations, including the Headquarters building, and results primarily from management decisions concerning functional changes and realignment.

(13). Motor Vehicle Maintenance Facility

The resource requirements, problems, and inefficiencies involved in driving vehicles to the dispersed 25X1A Garage location for maintenance were not included in this review. The new garage being constructed at the Headquarters compound is scheduled for completion in April 1974. Occupancy of the new garage will eliminate the problems and inefficiencies which stem from the present dispersal of this facility.

(14). Energy Loss Due to Dispersion

The services described in subparagraphs 4c(4) through (9) above consume critical energy (fuel) resources. It is estimated that the following amounts are attributable to dispersion:

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<u>Service</u>	<u>Fuel Gallons Per Year</u>	<u>Cost*</u>	<u>Attachment</u>
Shuttle Bus	21,000	\$ 4,750	7
Motor Pool	5,300	1,200	8
U-Drive	2,400	550	9
Use of POV's	83,300	37,500	10
Courier	3,000	700	11
Supply Deliveries	<u>3,350</u>	<u>750</u>	12
Total	118,350	\$45,450	

*Costs are escalating rapidly. These are estimated on the basis of 1 December 1973 prices as follows:

.2260 cents per gallon for Agency vehicle fuel.
.45 cents average per gallon for POV fuel.

5. CONCLUSIONS

a. Elimination of one or more of the fifteen dispersed locations will result in a substantial reduction of resource requirements. Such reduction will be primarily in funds required to reimburse GSA for Agency-dispersed space costs and the security guard service (Attachments 4 and 5).

b. Stringent controls of reimbursed POV travel, accompanied by measurement, data should be established and reviewed periodically by management to assure that this mode of travel to dispersed locations and other points is necessary and conducted efficiently, e.g., pooled.

c. The efficiency of chauffeured motor pool service to dispersed locations and other points should be either improved in terms of cost per passenger and mile, or the service eliminated entirely in favor of Shuttle Bus Service, Agency U-Drive Service, or reimbursed POV travel.

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6. RECOMMENDATIONS

That management objectives aimed toward eliminating dispersed locations and achieving related efficiency improvements be established and pursued in the future by each of the Directorates involved. Further, that a study group or task force, to include as members representatives from each of the Directorates so involved, be established to ensure coordination and complete uniformity of efforts to achieve the objectives.

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ATT 3

Occupancy Data
For
Each Dispersed Location

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a.

b. East

c. Central

d. South

e. Ames

f. Key

g. Magazine

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h.

i. Chamber of Commerce

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j.

k.

l.

m.

n.

o.

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ATT 6

Annual
Communications Systems Costs Applicable
to Dispersed Locations*

Black Line and Non-Published Telephone Service		\$474,567
Station Equipment	\$207,384	
Line Mileage Charges	124,353	
Non-Published Service	17,771	
Satellite Switch Facility (South Building)	125,059	
KY-3 Secure Voice		141,938
Data Lines		12,456
TWX		10,278
TTY		<u>1,050</u>
Total Dispersed Systems Costs		\$640,289

*Based on current recurring charges under approved tariff rates which are subject to change.

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ATT 7

Agency Shuttle Bus Passengers and Costs
Applicable to Dispersed Agency Locations
FY 1973

Passengers Between Headquarters and Dispersed Agency Locations:*		109,305
Headquarters-Rosslyn area	74,552	
Rosslyn-Central, South, East complex	8,688	
Headquarters-Chamber of Commerce	26,065	
Total Costs Applicable to Dispersed Locations (109,305 passengers x .91 cents average cost per passenger)**		\$99,468
Supplemental Data:		
Man-Years - 6.9	Fuel Gallons 21,000	

*Shuttle passengers to and from State, Pentagon, etc., are not included since such service is not attributable to Agency dispersion.

** .91 cents average cost per passenger is based on the following formula:

- a. Total annual Shuttle System costs including salaries, maintenance, fuel, and depreciation - \$159,027
- b. $\$159,027 \div 173,376$ -- total annual Shuttle System passengers.

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ATT 8

Agency
Chauffeured Motor Pool Service And
Costs Applicable to Dispersed
Locations FY 1973

Passengers between Headquarters and dispersed Agency locations*	4,066
Total Mileage - Dispersed location trips	64,600
Average miles per passenger	15.9
Average cost per mile (207,000** total motor pool cost ÷ 143,562 total motor pool mileage)	\$ 1.44
Average cost per passenger	\$ 22.90
Total Costs applicable to dispersed Agency locations (4,066 passengers x \$22.90 average cost per passenger)	\$93,111

Supplemental Data:

Man-Years - 5.4

Fuel Gallons 5,300

*Passengers to and from the EOB, State, Pentagon, etc., are not included in this figure since they are not attributable to Agency dispersion; however, see note below.

**Total annual motor pool cost including salaries, maintenance, fuel and depreciation.

NOTE: 78 percent or 7,049 of the 9,037 overall annual total Motor Pool passengers are transported between locations served by the Agency Shuttle Bus System. At an average cost of \$22.90 per passenger, this amounts to \$161,322 annually, or more than the \$159,029 entire cost of the Agency Shuttle Bus System (Attachment 7).

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ATT 9

"U-Drive" Agency Vehicle Service And
Costs Applicable to Dispersed
Locations FY 1973

U-Drive Trips between Headquarters and Dispersed Agency locations	943
Total Mileage - Dispersed Location Trips	28,962
Average Miles Per Trip	31*
Average Cost Per Mile (maintenance, fuel, and depreciation)	\$.11
Average Cost Per Trip	\$ 3.41
Total Cost	\$3,215

Supplemental Data:
Fuel Gallons 2,400

*These represent round-trip miles since U-Drive vehicles
are normally returned to the same point where the vehicle
was originally picked up for the trip.

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ATT 10

Reimbursable Use of Privately Owned
Vehicles and Taxis Applicable To
Dispersed Locations FY 1973*

Privately Owned Vehicle Trips Between Headquarters and Dispersed Agency Locations	62,500	
Total Mileage Reimbursed	1,000,000	
Average Mileage Per Trip	16	
Average Cost Per Trip(@.12 per mi.)		\$ 1.92
Total Reimbursement - Privately Owned Vehicles		\$120,000
Taxi Trips Reimbursed (1% of POV Trips)	625	
Average cost Per Trip		\$ 2.50
Total Reimbursement - Taxi		\$ 1,563
Total Reimbursement - Privately Owned Vehicles and Taxis		\$121,563
Supplemental Data:		
Est. POV Fuel Gallons	83,300	

*Data is not centrally accumulated on the reimbursable use of privately owned vehicles and taxis in the Headquarters area. Accordingly, this information was compiled from a Logistics sampling and statistical analysis of reimbursements by those components having a majority (60%) of the employees in dispersed locations.

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ATT 11

Courier Service Costs Applicable
to Dispersed Locations FY 1974
(projected)*

Couriers (man-years) -- 5.3	\$54,400
Vehicle expense, including maintenance, fuel and depreciation	<u>3,075</u>
Total Courier Costs	\$57,475

Supplemental Data:	
Fuel Gallons	3,000

*Includes Office of Logistics courier system resources attributable to dispersed Headquarters locations. Courier services are also maintained by NPIC, DDO, OSA, OBG and Office of Security. These are not included since, they are devoted to specific world-wide, domestic, or interagency needs and are not attributable to Headquarters dispersion.

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Supply Deliveries and Costs to Dispersed
Locations - FY 1974
(projected)*

Total Delivery Trips	164	
Total Pounds Delivered	780,000	
Total Delivery Mileage	16,800	
Average Pounds Per Trip	4,756	
Average Miles Per Trip (deliveries to a number of locations are consolidated in one trip)	102	
Driver Hours and Cost - 1,700 hrs @ \$5.14		\$ 8,738
Vehicle Operating, Maintenance, and Depreciation Cost - 16,800 miles @ .20 cents		<u>\$ 3,360</u>
Total Cost of Deliveries		\$12,098
Cost Per Delivery Trip		\$ 74
Cost Per Pound Delivered		.016
Cost Per Mile - Driver and Vehicle		.72
Supplemental Data:		
Man-Years .8	Fuel Gallons 3,350	

*Based on 30 day sampling during October and November 1973.

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ATT 13

Loss of Time and Cost
Travel Between Dispersed Locations

Shuttle Bus Service

Shuttle Passenger Trips	109,305	
Average Time Per Trip - Office		
to Office (minutes)	40	
Average Passenger Grade	GS-10	
Average Salary	\$17,266	
Time Lost (hours) 72,870 (man-years)		35
Cost of Time Lost		\$604,000

Privately Owned Vehicle & Taxi

POV and Taxi Trips	62,500	
Average Time Per Trip (minutes)	30	
Average Passenger Grade	GS-12	
Average Salary	\$19,388	
Time Lost (hours) 31,250 (man-years)		15
Cost of Time Lost		\$291,000

"U-Drive" Agency Vehicle Service

U-Drive Passenger Trips	943	
Average Time Per Trip (minutes)	60	
Average Passenger Grade	GS-12	
Average Salary	\$19,388	
Time Lost (hours) 943 (man-years)		.4
Cost of Time Lost		\$ 8,000

Chauffeured Motor Pool Service

Motor Pool Passenger Trips	4,066	
Average Time Per Trip	30	
Average Passenger Grade	GS-14	
Average Salary	\$27,236	
Average Time Per Trip (minutes)	30	
Time Lost (hours) 2,030 (man-years)		1
Cost of Time Lost		\$ 27,000

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ATT 13
(cont'd)

Summary

Total Time Lost - All Travel Modes (man-years)	51.4
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Total Cost of Time Lost	<u>\$930,000</u>
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